

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.

90 AUG 10 AM 11:31

APPLICATION OF LOUIS DREYFUS NATURAL
GAS CORP. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

No. 12235

APPLICATION

Louis Dreyfus Natural Gas Corp. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ Section 2, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W½ of Section 2, and has the right to drill a well thereon.

2. Applicant proposes to drill its Turkey Track "2" State Well No. 1, at an orthodox location 1650 feet from the south line and 1650 feet from the west line of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The W½ of Section 2 for all pools or formations developed on 320 acre spacing, including the Undesignated Millman-Wolfcamp Gas Pool, Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Millman-Atoka Gas Pool, and Undesignated North Turkey Track-Morrow Gas Pool;

(b) The SW¼ of Section 2 for all pools or formations developed on 160 acre spacing;

(c) The N½SW¼ for all pools or formations developed on 80 acre spacing, including the Undesignated Travis-Upper Pennsylvanian Pool; and

(d) The NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2 for all pools or formations developed on 40 acre spacing, including the Undesignated Artesia Queen-Grayburg-San Andres Pool and Undesignated Palmillo-Bone Spring Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 2 for the purposes set forth herein.

4. Although applicant has attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W $\frac{1}{2}$ of Section 2, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the W $\frac{1}{2}$ of Section 2, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W $\frac{1}{2}$ of Section 2, as set forth above;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and operating the well, and allocating the cost thereof among the well's working interest owners;

- D. Approving actual operating costs and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure;
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- F. Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Louis Dreyfus Natural Gas Corp.